



**Investment Office**

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**September 16, 2005**

**AGENDA ITEM 6a**

**TO: MEMBERS OF THE INVESTMENT POLICY SUBCOMMITTEE**

- I. SUBJECT:** Revision of "Watchlist Status" Definition in Glossary
- II. PROGRAM:** Total Fund
- III. RECOMMENDATION:** Approve and recommend to the Investment Committee approval of the Revision of "Watchlist Status" Definition in Glossary.

**IV. ANALYSIS:**

The purpose of this agenda item is to recommend a revision to the definition of the term "watchlist status" in the glossary.

The term "watchlist status" appears in nine of CalPERS' policies, as shown in Attachment A. In some policies, generally covering internally managed portfolios, the General Pension Consultant is responsible for reporting watchlist status to the Investment Committee. However, in other policies, usually covering externally managed portfolios, the staff is responsible for the watchlist status. The term is defined in the policy glossary as follows: "Indicates a level of concern, the degree of which shall be unique to each situation and quantified by staff to the Investment Committee."

To reflect the differing circumstances of the use of the term "watchlist status" for internally and externally managed portfolios, staff is recommending the definition in the glossary be changed to: "Indicates a level of concern, the degree of which shall be unique to each situation with the parameters specified in the relevant policy." Wilshire has reviewed and concurred with this change.

**V. STRATEGIC PLAN:**

This item supports Goal IV to assure that sufficient funds are available, first to pay benefits and, second to minimize and stabilize employer contributions.

**VI. RESULTS/COSTS:**

There are no costs associated with this item.

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Greg Hood  
Division Chief

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Anne Stausboll  
Assistant Executive Officer